# EQUITY INVESTMENT CORPORATION

*2021 First Quarter Commentary*

*All-Cap Value & Large-Cap Value*

April 2021

Our All-Cap Value SMA (ACV) composite rose 16.0% gross* for the quarter, ahead of both the Russell 3000® Value (R3000V) and S&P 500® indexes, which gained 11.9% and 6.2%, respectively. (Net of an assumed maximum annual 3% SMA fee, our ACV composite rose 15.1%.) Similarly, our Large-Cap Value SMA composite (LCV) increased 15.7% gross (14.9% net), topping the 11.3% return of the Russell 1000® Value (R1000V) Index.[1]

Value has now outperformed growth over the last three-, six-, and nine-month periods. For the trailing 12 months, growth still edged out value, with the Russell 3000® Growth Index increasing 64.3%, compared to 58.4% for the R3000V and 56.1% for the R1000V. Our ACV and LCV composites modestly outperformed the value indexes over the trailing 12 months, rising 58.7% and 57.9% gross (54.2% and 53.4% net), respectively, the best 12-month results since our inception in 1986.

Looking at our 15-month cumulative return, including the first quarter of 2020 with its steep and sudden pandemic-related selloff, our ACV composite has risen 21.8% gross (17.3% net), compared to 15.1% for the R3000V. Likewise, our LCV composite gained 20.7% gross (16.3% net) versus 14.4% for the R1000V.

These returns fit our longer-term pattern in periods of stock market volatility and distress. By focusing on a diversified portfolio of reasonably priced, higher-quality companies, we tend to outperform the market during significant downdrafts when concerns about valuation and financial soundness come to the forefront. And, when the market offers up opportunity, as it did in the first quarter of 2020, we act decisively, positioning our portfolios towards areas that have been hit hard and offer greater return prospects. As a result, portfolio turnover in 2020 was elevated relative to our history. The long-term product of our downside protection and, when timely, opportunistic offense has been better-than-index returns with lower volatility.

***Investment Environment***

Despite value's recent strength, growth has significantly outpaced it over an extended period. Accordingly, we think that we are in the early stages of value's outperformance. As shown in the chart below, growth stocks still command a substantial, near-historic premium valuation compared to value stocks.

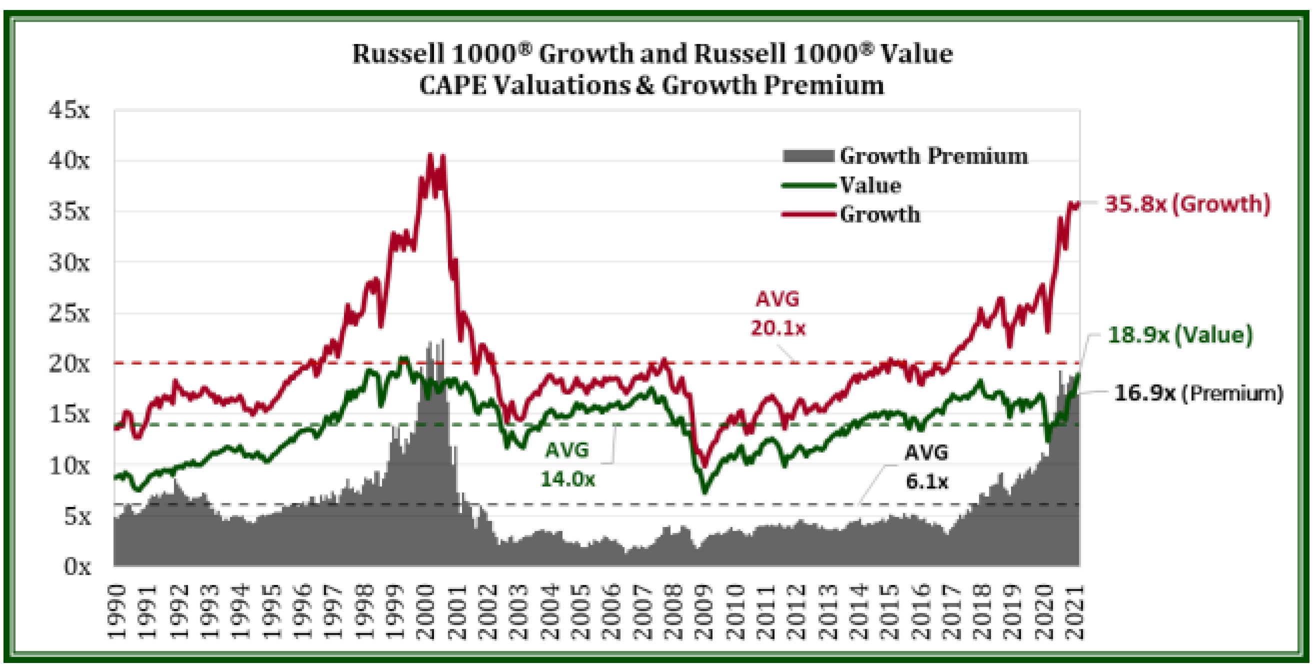


*Chart 1 Data Source: S&P Global Market Intelligence. See footnote 2.*

We believe growth stocks are priced to deliver subpar prospective returns.

Within the growth universe, there is significant variation in the degree of over-valuation, falling broadly into three categories. Mega-cap growth companies with dominant market positions, many of which are in the information technology, communication services, and consumer discretionary sectors, are all fully- to over-valued in our estimation. Smaller but proven growth names with revenues and/or cash flow, such as in the software and consumer discretionary space, appear to sport more extreme valuations. Finally, there is a large cohort of "concept" companies, with electric vehicle listings coming public via special purpose acquisition companies (SPACs) as most representative of this group. These companies are often pre-product and pre-revenue, and in our view, have nonsensical valuations.

A growth investor may not suffer substantial losses in the first group described above, but we think returns from these levels are likely to be poor over a multi-year period. The remaining groups are more egregiously overvalued, reminding us more of the dot-com bubble when there was way too much optimism, and the risk of capital loss was severe. At the peak of the bubble, there were roughly 200 stocks in the top 1,500 (ranked by market capitalization) that were unprofitable for the previous three years, and they had a collective market value of around $800 billion. Today, a similar number of companies have been unprofitable for the past three years, but they sport an aggregate market cap of over $2.2 trillion.[3] While there will inevitably be a handful of winners in the space, the majority will likely prove very poor investments from these levels.

As a result of the disparities between the growth and value universes, history suggests that, from here, value could outperform growth by 5-8% ***per year*** over the coming decade, as seen in the following chart, which plots starting valuation versus subsequent 10-year returns.

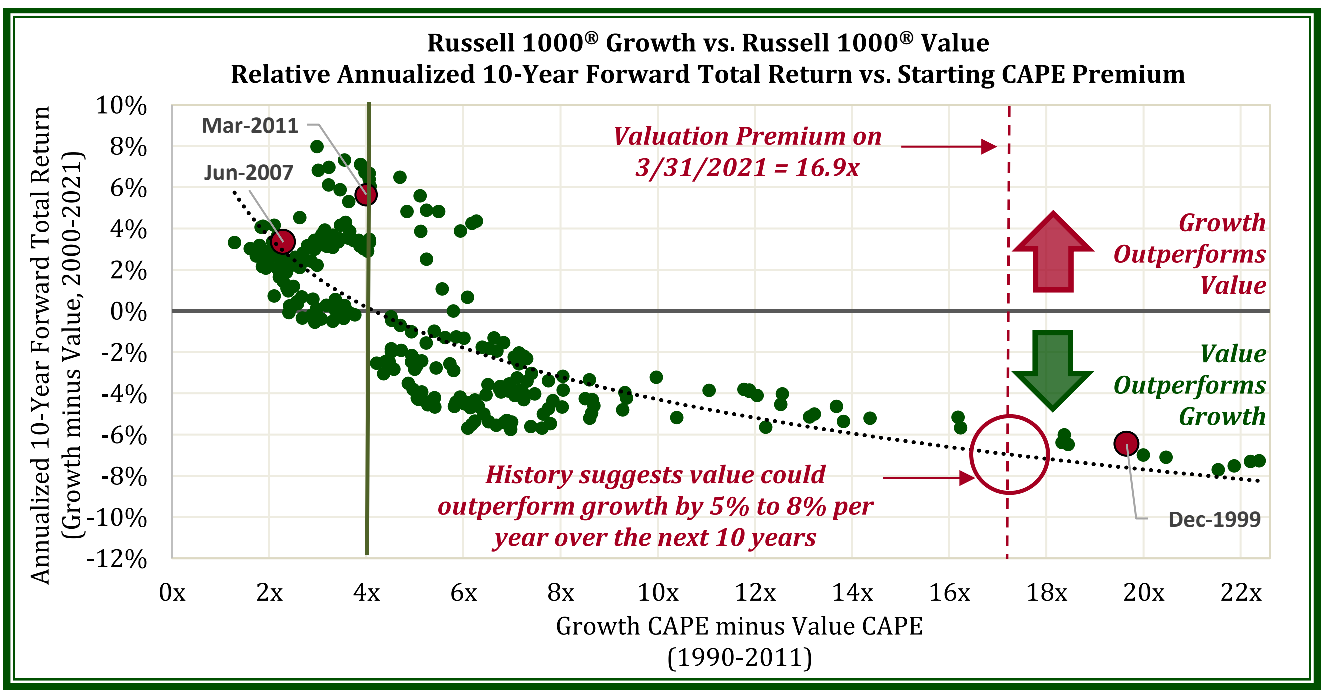


*Chart 2 Data Source: S&P Global Market Intelligence. See footnote 4.*

Over the last five years, most of growth's outperformance versus value has come from valuation expansion rather than improving fundamentals. Absent further relative valuation expansion, which seems unlikely given current valuation levels, fundamental performance will largely drive total returns. But high valuations tend to result in fundamental underperformance going forward, as expensively priced companies offer lower dividend yields and are able to buy back fewer shares of their stock. Low valuations, conversely, tend to lead to fundamental outperformance for the opposite reasons.

Notably, this generic advantage of value over growth likely undersells our current investment opportunity set. As happened in the late 1990s, when growth strongly outperformed value, Russell's annual index rebalancing in 2020 reclassified many growth-oriented stocks, moving them into the value universe. For example, as shown in the following chart, the Russell 1000® Index now has more than twice the number of companies considered to be value as those considered to be growth, a record amount in the index's more than 40-year history.


*Chart 3 Data Source: S&P Global Market Intelligence. See footnote 5.*

As a result, the growth indexes have become increasingly concentrated and risky. At the same time, the valuation gap ***within*** the value indexes has become more extreme, with pockets of very attractively valued stocks. For instance, in the R1000V, cheaper stocks (25th percentile) are now selling at a 60% discount to more expensive stocks (75th percentile), as shown in the chart below. In short, we continue to find plenty of attractive investment opportunities despite value's recent rally.

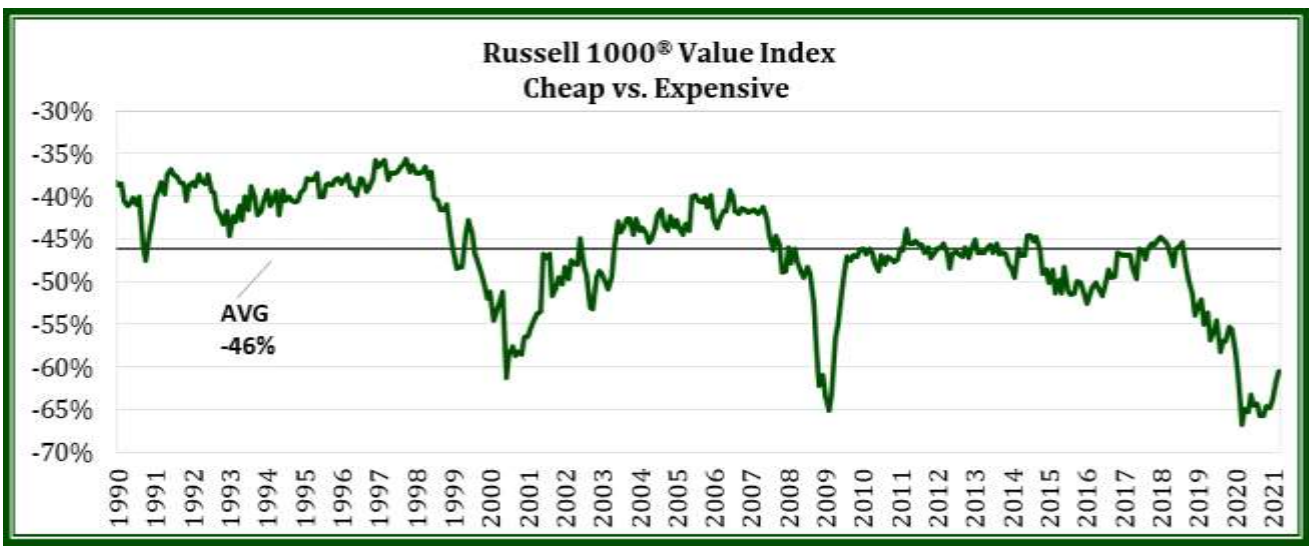


*Chart 4 Data Source: S&P Global Market Intelligence. See footnote 6.*

Stepping back, today's environment is much changed from a year ago and, indeed, even from the beginning of this year. The downturn of 2020 was precipitated by COVID-19 and the attendant economic shutdown, and the recovery has been a function of COVID-19's evolution. A year ago, in the depths of uncertainty about the pandemic's duration and severity and its ultimate impact on the economy, effective vaccines were a hopeful but unknown outcome. But as of this writing, the U.S. has administered over 150 million shots, averaging nearly three million shots per day over the last week. COVID-19 cases, hospitalizations and deaths are all down 70% or more from their winter highs (though worryingly a few states have seen recent upticks).[7] It now seems clear that an end to the pandemic is in sight, though the precise timing remains uncertain. In the meantime, the government remains highly supportive of the economy, with continued large stimulus programs and a significant infrastructure plan in the works. While the long-term implications of so much debt-financed spending remain to be seen, shorter term it should prove expansionary.

This combination has fueled a steadily improving employment picture beginning in May of 2020 and continuing into 2021, and the markets have begun to reprice a return to normal.[8] Oil prices, which briefly went negative for near-term delivery in the depths of March 2020, have rebounded and are now close to $60 per barrel.[9] On the back of a strengthening economy and rising inflation expectations, long-term interest rates, as measured by 10-Year Treasuries, have surged from a low of 52 bps in the summer of 2020 to 1.7%, matching levels seen in early 2020.[10,11] Moreover, the yield spread between 2-Year and 10-Year Treasuries is now as wide as it has been in nearly six years, offering improved returns for lenders and signaling economic strength.[12]

All of the above, should it continue, bodes well for value in general and our portfolios in particular. But we believe that by virtue of the portfolios' quality, diversification, and valuation, we are poised to deliver reasonable returns across a range of environments.

***Portfolio Positioning***[13]

We remain tilted toward traditional value. Relative to our benchmark, we are overweight in financials, utilities, and energy, along with more modest overweights in consumer staples and health care. While our portfolios remain a beneficiary of the "reopening trade", we reduced our exposure in Q4 of 2020 by selling Sysco Corporation and Booking Holdings. These names (and others like them in the travel/lodging/restaurant space) are now more expensive than before the pandemic, yet with a more uncertain future path.

In response to the stock market's continued volatility, our turnover remains somewhat elevated compared to pre-pandemic levels. During the quarter, we added to our positions in Verizon Communications, GlaxoSmithKline, Williams Companies, Total, Exelon, and Honda Motor Co. We trimmed our positions in Charles Schwab, Cimarex, and Discovery Inc. and sold our position in ConocoPhillips. We also purchased two new names, Raytheon Technologies and Barrick Gold.

Raytheon Technologies (RTX) is a product of the 2020 merger of the Raytheon Company and the commercial aerospace businesses of United Technologies (Collins Aerospace and Pratt & Whitney). The combined company serves roughly a 50-50 mix of commercial aerospace and defense end markets, a blend we think provides attractive stability during times of economic stress. True to form, while the defense business has been largely unaffected by the pandemic, the commercial aerospace business has been hit hard. Lower airplane utilization and delayed investments have resulted in a substantial drawdown in revenue and profits. However, we believe this weakness will ultimately prove transitory in nature and expect a full recovery, though the timing remains highly uncertain. In our view, at today's prices, investors are being compensated for patience. With a strong balance sheet and reliable cash flow from its defense business, Raytheon is well-positioned to continue to invest for the long term, giving the company a key advantage relative to some less-well-capitalized peers.

This is the second time we have owned Barrick Gold (GOLD). Today, it is a more conservative company than in our prior period of ownership from 2008 to 2015. Barrick has reduced net debt to near zero, has a solid investment-grade credit rating, continues to focus on expense management, and has a more diversified, high-quality, and geographically stable resource base. The company has one of the lowest production costs in the industry, and we believe shares are reasonably priced on current earnings. Gold has not rallied as much as other inflationary assets this year, so we think Barrick offers an attractively priced asset that has exhibited a lower correlation with other equities, and we are not paying up for the option of future strength in gold.

As always, we thank you for your partnership with EIC.


***Investment Team***

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***Please see disclosures on the following page.***

[1] *EIC's ACV and LCV results are those of our All-Cap Value SMA and Large-Cap Value SMA composites gross (before) and net (after) assumed maximum annual SMA fees of 3% (0.25% per month). SMA fees include transaction costs, portfolio management, custody, and other administrative fees. *Gross returns for EIC SMA composites are "pure" gross returns, do not reflect the deduction of any expenses, including trading costs, and are presented as supplemental information to the GIPS® Composite Reports, which are considered an integral part of this commentary. All returns include reinvestment of dividends and interest. Indexes are unmanaged, do not incur management fees, costs or expenses, and cannot be invested in directly. Past performance is not indicative of future results.* ***Individual account results may differ from those of a composite. Client net returns are reduced by EIC's management fees or may possibly be reduced by brokerage firm wrap fees, which include transaction costs, portfolio management, custody, and other administrative fees.***

[2] *Russell 1000 Growth Index modified CAPE (green line), Russell 1000 Value Index modified CAPE (red line), Russell 1000 Growth Index modified CAPE premium over Russell 1000 Value Index modified CAPE (gray area) at each month-end from 1/31/1990 to 3/31/2021. Modified CAPE is the ratio of index prices to trailing 10-year index level earnings before taxes (EBT) on a time-weighted basis. Annual index level EBT is imputed by dividing the year-end index price by an aggregated price to EBT multiple of index constituents.*

[3] *Source: Callum, Thomas, @Callum_Thomas, 03 April 2021. https://twitter.com/Callum_Thomas/status/1378406974132391936?s=20. As seen in Opsal, Scott, The Leuthold Group LLC. "Valuation Extremes: Here Be Dragons." 17 March 2021. https://research.leutholdgroup.com/section/of-special-interest/articles/ 2021/03/17/ valuation-extremes-here-be-dragons.22840. 05 April 2021.*

[4] *Russell 1000 Growth Index modified CAPE premium over Russell 1000 Value Index modified CAPE (x-axis) at each month-end 1/31/1990 to 3/31/2011, plotted against the annualized 10-year forward total return difference between the Russell 1000 Growth and Russell 1000 Value indexes (y-axis) at each month-end 1/31/2000 to 3/31/2021.*

[5] *Style classification of each company in the Russell 1000 Index based on each constituent's weight in the Russell 1000 Value and/or Russell 1000 Growth indexes at each month-end 12/31/1979 to 3/31/2021.*

[6] *Valuations based on Russell 1000 Value constituent price to prior three-year peak earnings at each month-end 1/31/1990 to 3/31/2021. "Cheap" stocks (at 25% percentile of all constituent valuations) over "Expensive" stocks (at 75% percentile of all constituent valuations.)*

[7] *Data Source: Centers for Disease Control and Prevention, COVID-19, COVID Data Tracker Weekly Review, "The Race to Vaccinate," 02 April 2021. https://www.cdc.gov/coronavirus/2019-ncov/covid-data/covidview/index.html. 05 April 2021.*

[8] *U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm [PAYEMS], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/PAYEMS. 08 April 2021.*

[9] *Data Source: yahoo! Finance, Crude Oil May 2021. https://finance.yahoo.com/quote/CL%3DF?p=CL%3DF&.tsrc=fin-srch. 07April 2021.*

[10] *Kasumov, Aziza; Smith, Colby; and Platt, Eric. "US companies sound inflation alarm."30 March 2021. https://www.ft.com/content/f0bbed31-bea8-4542-b953-096762d2e59f. 05 April 2021.*

[11] *Data Source: Board of Governors of the Federal Reserve System (US), 10-Year Treasury Constant Maturity Rate [DGS10], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/DGS10. 05 April 2021.*

[12] *Data Source: Federal Reserve Bank of St. Louis, 10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity [T10Y2Y], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/T10Y2Y. 05 April 2021.*

[13] *Portfolio data is from representative All-Cap Value and Large-Cap Value accounts. Actual portfolio holdings may vary for each client, and there is no guarantee that a particular client's account, "wrap", or advisory program will hold any, or all, of the securities identified. The securities identified and described above do not represent all of the securities purchased, sold, or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.*

# All-Cap Value SMA Composite Report

Equity Investment Corporation (EIC) is an SEC registered independent investment advisor incorporated in the state of Georgia. EIC has been providing investment advisory services to clients since 1986. Performance numbers (beginning July 1, 1995) are the value-weighted, time-weighted, total return composite results of fully discretionary All-Cap Value equity wrap fee (SMA) accounts. The strategy employs a flexible framework (not constrained by any cap size limitations) of investing in high-quality, well-managed companies, while at the same time avoiding those that look inexpensive relative to their historical record but are actually in structural decline. Prior to January 1, 2013, the composite was called the All-Cap Value Wrap Composite. Returns are generally presented net of foreign withholding taxes on dividends, interest income, and capital gains; however, returns for some accounts are presented gross of foreign taxes depending on the treatment by their custodian. Prior to July 1, 1995, the returns are that of the All-Cap Value composite. Results for the period January 1, 1989, through July 1, 1995, include both SMA and non-SMA accounts. During this period, SMA accounts represent on average 24% of the composite. Since July 1, 1995, SMA accounts comprise 100% of the composite. The composite creation date is July 1, 1995, and the inception date is January 1, 1986. All accounts included in the composite are managed according to similar investment guidelines. The benchmark index is the Russell 3000® Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. The Russell 3000 Value Index measures the performance of the largest 3000 US companies in the value segment of the US equity universe. The Russell 3000 Value Index is based on the Russell 3000® Index, a market-capitalization weighted equity index representing approximately 98% of the investable US equity market.

| | | | | | | | | | Advisory-Only (UMA) and Managed Assets | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year Ended Dec - 31 | Gross* Rate of Return[1] (Supplemental) | Assumed 3% Annual Net Rate of Return[1] | Benchmark Return of Russell 3000® Value Index | Composite 3-Yr St Dev | Benchmark 3-Yr St Dev | Dispersion[2] of Annual Returns (St Dev) | Number of Portfolios[3] | Composite Assets ($ Millions) | UMA Assets[4] ($ Millions) (Supplemental) | GIPS® Firm Assets ($ Millions) | Total Assets[4] ($ Millions) (Supplemental) |
| 2021 (through 3/31) | 16.0% | 15.1% | 11.9% | 17.6% | 20.0% | 0.4% | 1560 | $869.2 | $1,914.2 | $1,834.1 | $3,748.3 |
| 2020 | 5.0% | 1.9% | 2.9% | 17.3% | 20.0% | 1.0% | 1574 | $784.3 | $1,694.6 | $1,607.6 | $3,302.2 |
| 2019 | 22.7% | 19.1% | 26.3% | 10.6% | 12.0% | 0.6% | 2065 | $1,151.4 | $1,942.4 | $2,245.1 | $4,187.5 |
| 2018 | -6.4% | -9.2% | -8.6% | 9.3% | 11.1% | 0.3% | 2341 | $1,064.9 | $1,721.0 | $2,219.9 | $3,940.9 |
| 2017 | 15.6% | 12.2% | 13.2% | 8.0% | 10.3% | 0.4% | 2486 | $1,264.8 | $2,044.9 | $2,790.7 | $4,835.6 |
| 2016 | 12.2% | 8.9% | 18.4% | 8.6% | 11.0% | 0.5% | 2893 | $1,406.1 | $2,044.5 | $2,994.4 | $5,038.9 |
| 2015 | -4.4% | -7.2% | -4.1% | 8.9% | 10.7% | 0.5% | 4727 | $1,964.8 | $1,590.0 | $3,658.9 | $5,248.9 |
| 2014 | 14.9% | 11.5% | 12.7% | 8.1% | 9.4% | 0.5% | 5272 | $2,259.6 | $1,657.7 | $3,862.6 | $5,520.3 |
| 2013 | 24.7% | 21.1% | 32.7% | 9.2% | 12.9% | 0.6% | 4290 | $1,703.6 | $1,009.2 | $3,286.3 | $4,295.5 |
| 2012 | 10.0% | 6.7% | 17.6% | 11.5% | 15.8% | 0.4% | 2742 | $1,016.1 | $665.6 | $2,301.1 | $2,966.7 |
| 2011 | 7.4% | 4.2% | -0.1% | 16.3% | 21.0% | 0.6% | 1398 | $556.0 | $314.5 | $1,127.9 | $1,442.5 |
| 2010 | 18.2% | 14.7% | 16.2% | 18.7% | 23.5% | 0.5% | 937 | $432.6 | $77.9 | $836.9 | $914.8 |
| 2009 | 26.9% | 23.2% | 19.8% | 17.3% | 21.3% | 1.3% | 743 | $282.7 | $10.5 | $541.2 | $551.8 |
| 2008 | -22.9% | -25.2% | -36.3% | 11.7% | 15.5% | 1.0% | 946 | $220.2 | $0.0 | $362.6 | $362.6 |
| 2007 | 3.3% | 0.3% | -1.0% | 7.0% | 8.3% | 0.8% | 935 | $283.5 | $0.0 | $448.1 | $448.1 |
| 2006 | 16.6% | 13.1% | 22.3% | 6.2% | 7.0% | 0.8% | 758 | $252.7 | $0.0 | $487.2 | $487.2 |
| 2005 | 2.8% | -0.3% | 6.9% | 8.8% | 9.7% | 0.7% | 675 | $195.5 | $0.0 | $463.6 | $463.6 |
| 2004 | 13.9% | 10.6% | 16.9% | 11.4% | 14.8% | 0.8% | 531 | $137.4 | $0.0 | $388.1 | $388.1 |
| 2003 | 25.2% | 21.6% | 31.1% | 13.6% | 16.0% | 0.8% | 289 | $70.0 | $0.0 | $231.0 | $231.0 |
| 2002 | -4.1% | -6.9% | -15.2% | 15.9% | 16.6% | 1.5% | 59 | $14.6 | $0.0 | $110.7 | $110.7 |
| 2001 | 16.9% | 13.5% | -4.3% | 15.7% | 14.1% | 0.8% | 13 | $5.4 | $0.0 | $82.2 | $82.2 |
| 2000 | 18.6% | 15.2% | 8.0% | 18.0% | 16.8% | 0.8% | 16 | $6.5 | $0.0 | $62.3 | $62.3 |
| 1999 | 2.1% | -0.9% | 6.6% | 15.7% | 15.9% | 1.0% | 27 | $13.0 | $0.0 | $64.1 | $64.1 |
| 1998 | 16.2% | 12.8% | 13.5% | 14.5% | 14.9% | 0.9% | 11 | $2.8 | $0.0 | $35.2 | $35.2 |
| 1997 | 30.1% | 26.4% | 34.8% | 8.8% | 9.5% | 0.8% | 12 | $4.9 | $0.0 | $38.8 | $38.8 |
| 1996 | 8.0% | 4.8% | 21.6% | 7.7% | 9.2% | 0.6% | 19 | $16.6 | $0.0 | $69.7 | $69.7 |
| 1995 | 19.7% | 16.2% | 37.0% | 6.2% | 8.3% | 0.6% | 42 | $23.0 | $0.0 | $93.4 | $93.4 |
| 1994 | 0.2% | -2.8% | -1.9% | 5.7% | 8.2% | 0.8% | 65 | $32.7 | $0.0 | $92.6 | $92.6 |
| 1993 | 11.3% | 8.0% | 18.7% | 8.0% | 9.5% | 0.7% | 72 | $44.0 | $0.0 | $84.5 | $84.5 |
| 1992 | 10.6% | 7.4% | 14.9% | 12.5% | 13.7% | 0.9% | 69 | $53.3 | $0.0 | $84.1 | $84.1 |
| 1991 | 37.0% | 33.0% | 25.4% | 13.3% | 14.5% | 1.3% | 58 | $35.6 | $0.0 | $48.9 | $48.9 |
| 1990 | -8.0% | -10.7% | -8.8% | 13.2% | 13.5% | 0.7% | 59 | $25.8 | $0.0 | $30.4 | $30.4 |
| 1989 | 20.8% | 17.3% | 24.2% | 18.0% | 17.6% | 1.6% | 51 | $21.4 | $0.0 | $27.8 | $27.8 |
| 1988 | 27.4% | 23.7% | 23.6% | 19.9% | 18.9% | 1.7% | 14 | $6.0 | $0.0 | $8.0 | $8.0 |
| 1987 | 10.6% | 7.4% | -0.1% | N/A | N/A | N/A | 5 | $0.5 | $0.0 | $0.6 | $0.6 |
| 1986 | 25.0% | 21.3% | 18.8% | N/A | N/A | N/A | 2 | $0.2 | $0.0 | $0.2 | $0.2 |

Equity Investment Corporation

***See next page for Table Notes and other disclosures***

**Table Notes**:
[1] *Gross returns, presented as supplemental information, are "pure" gross and do not reflect the deduction of any expenses, including trading costs, for SMA accounts. "Pure" gross returns from 10/1/02 through 12/31/06, reflect the deduction of trading costs but not any additional expenses. For the period 1/1/89 through 7/1/95, SMA accounts represent on average 24% of the composite assets. Prior to 7/1/95 and for the periods 10/1/02 through 12/31/06, the returns are that of EIC's All-Cap Value composite. For all other periods, SMA accounts represent 100% of the composite assets. Net returns are calculated by reducing gross returns with an assumed annual SMA fee of 3.0%, applied monthly.
[2] Dispersion is an asset-weighted standard deviation for the accounts in the composite for the entire year (or year-to-date) and is calculated using gross returns. "N/A" represents when dispersion is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. For 1986 through 1995 dispersion represents EIC's All-Cap Value composite, which contains both SMA and non-SMA accounts. For 1996 through 2005, dispersion represents EIC's internally administered SMA accounts.
[3] Number of Portfolios/Composite Assets significantly decreased in 2016 due to transitioning of a major SMA program to a model based (UMA) program during Q416.
[4] "Total Assets" include our regulatory assets under management ("GIPS® Firm Assets") and our advisory-only "UMA Assets". EIC has no trading discretion for UMA accounts and provides a model portfolio to the program sponsor or overlay manager. The "UMA Assets" and "Total Assets" amounts are shown as supplemental information.
Additional Notes: The three year annualized standard deviation measures variability of the composite (gross of fees) and the benchmark returns over the preceding 36 month period.

Performance has been measured on a monthly basis from January 1, 1986, to present. Periods are geometrically linked to obtain the quarterly and annual results. Eligible new accounts are added to the composite at the beginning of the first full quarter under EIC management. Trade-date accounting with monthly valuations and adjustments for large cash flows are used. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The US Dollar is the currency used to express performance. Returns include the reinvestment of all income. There were non fee-paying accounts during the following years: 1986: 100%; 1987: 36%; 1988: 2%; 1999-2000: 1%; 2010 – 2017: <1%. There are no non fee-paying accounts during any other period. Economic and market conditions have differed over the time period displayed, and likewise will be different in the future. Policies for valuing investments, calculating performance and preparing GIPS Composite Reports are available upon request.

EIC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. EIC has been independently verified for the periods January 1, 1986, through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to the composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The verification reports, as well as a complete list and description of all the firm's composites, are available upon request by contacting Equity Investment Corporation, 1776 Peachtree Street NW, Suite 600S, Atlanta, GA 30309. The firm's list of broad distribution pooled funds is available upon request. Prospective clients should be aware that results are historical and do not imply future rates of return or volatility for EIC or the indices, which may be materially different from the past and from each other.

Investment management fees are based on market values of the assets under management. In addition to a management fee, some accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services. EIC's maximum annual fees for SMA accounts (charged quarterly) are 0.75%. Total fees charged may equal 3% per year. SMA schedules are provided by independent SMA sponsors and are available upon request from the individual sponsor. Further information about fees and compensation is discussed in EIC's form ADV Part 2 (www.adviserinfo.sec.gov).

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Equity Investment Corporation (EIC) is an SEC registered independent investment advisor incorporated in the state of Georgia. EIC has been providing investment advisory services to clients since 1986. Performance numbers are the value-weighted, time-weighted, total return composite results of fully discretionary Large-Cap Value equity wrap fee (SMA) accounts managed in the style of the firm's traditional value methodology with a large-cap bias. The strategy employs a flexible framework of investing in high-quality, well-managed companies, while at the same time avoiding those that look inexpensive relative to their historical record but are actually in structural decline. Prior to January 1, 2013, the composite was called the Large-Cap Value Wrap Composite. Returns are generally presented net of foreign withholding taxes on dividends, interest income, and capital gains; however, returns for some accounts are presented gross of foreign taxes depending on the treatment by their custodian. The composite creation and inception date is January 1, 2001, and SMA accounts comprise 100% of the composite. The benchmark index is the Russell 1000® Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. It is a subset of the Russell 3000® Value Index and includes those Russell 1000® companies with lower price-to-book ratios and lower expected long-term mean earnings growth rates. The Russell 1000 represents approximately 90% of the investable US equity market.

| | | | | | | | | | Advisory-Only (UMA) and Managed Assets | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year Ended Dec - 31 | Gross* Rate of Return[1] (Supplemental) | Assumed 3% annual Net Rate of Return[1] | Benchmark Return of Russell 1000® Value Index | Composite 3-Yr St Dev | Benchmark 3-Yr St Dev | Dispersion[2] of Annual Returns (St Dev) | Number of Portfolios[3] | Composite Assets ($ Millions) | UMA Assets[4] ($ Millions) (Supplemental) | GIPS® Firm Assets ($ Millions) | Total[4] ($ Millions) (Supplemental) |
| 2021 (through 3/31) | 15.7% | 14.9% | 11.3% | 17.5% | 19.7% | 0.3% | 566 | $226.5 | $1,914.2 | $1,834.1 | $3,748.3 |
| 2020 | 4.3% | 1.2% | 2.8% | 17.3% | 19.6% | 0.8% | 590 | $206.6 | $1,694.6 | $1,607.6 | $3,302.2 |
| 2019 | 22.6% | 19.1% | 26.5% | 10.6% | 11.8% | 0.6% | 786 | $279.4 | $1,942.4 | $2,245.1 | $4,187.5 |
| 2018 | -6.4% | -9.2% | -8.3% | 9.1% | 10.8% | 0.4% | 898 | $262.8 | $1,721.0 | $2,219.9 | $3,940.9 |
| 2017 | 15.6% | 12.3% | 13.7% | 7.8% | 10.2% | 0.7% | 902 | $301.6 | $2,044.9 | $2,790.7 | $4,835.6 |
| 2016 | 11.9% | 8.6% | 17.3% | 8.5% | 10.8% | 0.5% | 938 | $289.0 | $2,044.5 | $2,994.4 | $5,038.9 |
| 2015 | -4.5% | -7.3% | -3.8% | 8.9% | 10.7% | 0.4% | 1146 | $318.5 | $1,590.0 | $3,658.9 | $5,248.9 |
| 2014 | 15.0% | 11.6% | 13.5% | 8.1% | 9.2% | 0.5% | 361 | $159.4 | $1,657.7 | $3,862.6 | $5,520.3 |
| 2013 | 24.8% | 21.2% | 32.5% | 9.4% | 12.7% | 0.5% | 863 | $328.7 | $1,009.2 | $3,286.3 | $4,295.5 |
| 2012 | 10.0% | 6.8% | 17.5% | 11.5% | 15.5% | 0.3% | 658 | $197.2 | $665.6 | $2,301.1 | $2,966.7 |
| 2011 | 8.2% | 5.0% | 0.4% | 15.9% | 20.7% | 0.3% | 465 | $130.1 | $314.5 | $1,127.9 | $1,442.5 |
| 2010 | 16.8% | 13.4% | 15.5% | 18.5% | 23.2% | 0.4% | 409 | $98.2 | $77.9 | $836.9 | $914.8 |
| 2009 | 25.0% | 21.4% | 19.7% | 17.2% | 21.1% | 1.0% | 386 | $80.0 | $10.5 | $541.2 | $551.8 |
| 2008 | -22.8% | -25.2% | -36.9% | 12.1% | 15.4% | N/A | 3 | $0.9 | $0.0 | $362.6 | $362.6 |
| 2007 | 2.1% | -0.9% | -0.2% | 6.9% | 8.1% | N/A | 3 | $1.1 | $0.0 | $448.1 | $448.1 |
| 2006 | 17.7% | 14.3% | 22.3% | 6.0% | 6.7% | N/A | 3 | $1.0 | $0.0 | $487.2 | $487.2 |
| 2005 | 5.7% | 2.6% | 7.1% | 8.7% | 9.5% | 0.4% | 18 | $9.3 | $0.0 | $463.6 | $463.6 |
| 2004 | 13.1% | 9.8% | 16.5% | 12.7% | 14.8% | 0.4% | 18 | $8.9 | $0.0 | $388.1 | $388.1 |
| 2003 | 23.3% | 19.7% | 30.0% | 14.2% | 16.0% | 1.1% | 21 | $8.5 | $0.0 | $231.0 | $231.0 |
| 2002 | -9.0% | -11.7% | -15.5% | N/A | N/A | 0.5% | 42 | $11.0 | $0.0 | $110.7 | $110.7 |
| 2001 | 14.6% | 11.3% | -5.6% | N/A | N/A | 1.2% | 45 | $12.4 | $0.0 | $82.2 | $82.2 |

[1] *Gross returns, presented as supplemental information, are "pure" gross and do not reflect the deduction of any expenses, including trading costs, for SMA accounts. Net returns are calculated by reducing gross returns by an assumed annual SMA fee of 3.0% (0.75%/quarter during 2001 and 0.25%/month thereafter).

[2] Dispersion is an asset-weighted standard deviation for the accounts in the composite the entire year (or year-to-date) and is calculated using gross returns. "N/A" represents when dispersion is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

[3] Number of Portfolios/Composite Assets significantly decreased in Q4 2014 and Q4 2016 due to transitioning of two major SMA programs to model based (UMA) programs.

[4] "Total Assets" include our regulatory assets under management ("GIPS® Firm Assets") and our advisory-only "UMA Assets". EIC has no trading discretion for UMA accounts and provides a model portfolio to the program sponsor or overlay manager. The "UMA Assets" and "Total Assets" amounts are shown as supplemental information.

Additional Note: The three year annualized standard deviation measures variability of the composite (gross of fees) and the benchmark returns over the preceding 36 month period.


***See next page for additional disclosures***

Performance has been measured on a monthly basis from January 1, 2001, to present. Periods are geometrically linked to obtain the quarterly and annual results. Eligible new accounts are added to the composite at the beginning of the first full quarter under EIC management. Trade-date accounting with monthly valuations and adjustments for large cash flows are used. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The US Dollar is the currency used to express performance. Returns include the reinvestment of all income. During 2002, 2% of the assets are non-fee paying accounts. There are no non-fee paying accounts during any other period. Economic and market conditions have differed over the time period displayed, and likewise will be different in the future. Policies for valuing investments, calculating performance and preparing GIPS Composite Reports are available upon request.

EIC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. EIC has been independently verified for the periods January 1, 1986, through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to the composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Large-Cap Value SMA composite has had a performance examination for the periods January 1, 2001, through December 31, 2020. The verification and composite examination reports, as well as a complete list and description of the firm's composites, are available upon request by contacting Equity Investment Corporation, 1776 Peachtree Street NW, Suite 600S, Atlanta, GA 30309. The firm's list of broad distribution pooled funds is available upon request. Prospective clients should be aware that results are historical and do not imply future rates of return or volatility for EIC or the indices, which may be materially different from the past and from each other.

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